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March 3, 2009

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FROM:

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Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **DEPARTMENT OF PUBLIC SOCIAL SERVICES - PAYROLL/  
PERSONNEL REVIEW**

Attached is our report on the Department of Public Social Services' (DPSS or Department) compliance with County payroll and personnel policies and use of the Countywide Timekeeping and Payroll/Personnel System (CWTAPPS). Our review covered areas such as industrial accident payments, leave accounting, overtime usage, monitoring bonus eligibility, recording time and attendance, processing terminations and data security.

**Summary of Findings**

DPSS needs to strengthen its controls over payroll/personnel operations and use of CWTAPPS. The following are examples of the areas where the Department can improve:

- DPSS should develop and implement procedures to review the temporary disability (TD) payments report and closely monitor industrial accident cases to ensure:
  - The County's Third Party Administrator discontinues payments when employees reach the maximum benefit period. We noted one employee who continued to receive TD payments after reaching the two-year limit, resulting in an overpayment of \$19,131.
  - Employees do not continue to receive temporary disability benefits after they return to work or become permanently disabled. We identified seven

employees who continued to receive TD payments after they returned to work or became permanently disabled, resulting in overpayments of approximately \$13,785.

- DPSS needs to ensure employees on extended sick leave are paid accurately. We noted overpayments totaling \$2,783 and underpayments totaling \$747 due to inaccurate coding of timecards.
- DPSS needs to ensure overtime is worked only when necessary and that supervisors/managers approve all non-emergency overtime before it is worked.
- DPSS needs to ensure that out-of-class bonuses are not used for long periods of time and are paid at the correct rate, and that bonuses are reviewed annually to ensure employees still qualify. We noted \$9,963 in overpayments resulting from incorrect out-of-class bonuses.
- DPSS needs to ensure that supervisors review and approve time records, such as Daily Absence Reports, which are used to enter time in CWTAPPS.

We also noted that DPSS can improve internal controls over payroll distribution, data access, employee terminations, overpayment recoveries and record keeping. Details of these and other findings and recommendations are attached.

### **Review of Report**

We discussed our report with DPSS representatives on October 29, 2008. The Department's attached response indicates agreement with our findings and recommendations. We provided DPSS with a list of all instances we noted over and underpayments. DPSS indicated that they began making corrections and taking steps to implement many of our recommendations.

We thank DPSS management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Terri Kasman at (213) 253-0103.

WLW:MMO:JLS:TK:nn

Attachment

c: William T Fujioka, Chief Executive Officer  
Philip L. Browning, Director, Department of Public Social Services  
Michael J. Henry, Director, Department of Human Resources  
Sachi A. Hamai, Executive Officer  
Public Information Office  
Audit Committee

## **DEPARTMENT OF PUBLIC SOCIAL SERVICES PAYROLL/PERSONNEL REVIEW**

### **Background**

The Department of Public Social Services (DPSS) employs approximately 13,800 employees at 62 pay locations. DPSS' Human Resources Division (HRD) includes the Payroll and Personnel sections. The Payroll section has 14 employees and the Personnel section has 25 employees. DPSS also has timekeepers at its headquarters and at outlying locations to enter employee time information into the Countywide Timekeeping and Payroll/Personnel System (CWTAPPS).

DPSS uses CWTAPPS to process personnel actions, such as hires and terminations, and to maintain personnel data, including hire dates, social security numbers and County job history. CWTAPPS also maintains employee leave balances and industrial accident information.

### **Scope**

We reviewed DPSS' compliance with County payroll and personnel policies, including compliance with the County Fiscal Manual (CFM). Our review covered primarily fiscal years 2006-07 and 2007-08, and included interviews with staff and tests/reviews of industrial accident payments, leave accounting, overtime usage, monitoring bonus eligibility, recording time and attendance, processing terminations and data security.

## **COMMENTS AND RECOMMENDATIONS**

### **Payroll Exceptions**

Our review identified some over and underpayments due to misapplication of payroll rules and regulations, CWTAPPS input errors, and incorrect industrial accident payments. We gave DPSS a list of these exceptions. DPSS management should correct the exceptions by recovering overpayments, issuing supplemental warrants and adjusting employee leave benefit balances as necessary. DPSS should also work with the TPA to correct temporary disability payment errors and/or collect overpayments.

### **Recommendation**

1. **DPSS management correct the exceptions identified in this report by recovering overpayments, issuing supplemental warrants and adjusting employee leave benefit balances as necessary.**

### **Industrial Accidents**

When an employee has an industrial accident (IA), the supervisor completes an accident form and sends it to DPSS' Health and Safety Unit. Health and Safety notifies the County's Third Party Administrator (TPA), who sends a Notice of Benefits (NOB) to the employee and the Health and Safety Unit. The NOB indicates what temporary disability (TD) benefits (e.g. salary, medical care, etc.) the employee will receive. Health and Safety sends the NOB to Payroll, so they can enter the benefit information into CWTAPPS to ensure accurate payments to the employee.

### **Salary Continuation Period**

During the first year after the injury (salary continuation period), employees receive 70% of their regular salary. Employees may use accrued 100% leave time (e.g., sick leave, vacation, etc.) to cover absences while they are waiting for a determination of whether the injury/illness is covered by TD benefits. CWTAPPS automatically restores these leave hours when TD benefits are approved, after Payroll enters an IA leave into CWTAPPS based on the NOB.

In three of 15 cases reviewed (20%), the salary continuation period per the NOB was incorrect because it included one or more days that the employee actually worked. This affected CWTAPPS' automatic restoration of leave time for two of the three employees, resulting in coding errors, incorrect leave balances, and an underpayment of \$1,329. This issue did not affect the pay or leave balances for the third employee. To prevent these errors, DPSS should contact the TPA to resolve any discrepancies with NOBs.

### **Recommendation**

- 2. DPSS management develop and implement procedures requiring staff to contact the Third Party Administrator to resolve discrepancies with the Notices of Benefits and obtain a corrected notice, if necessary.**

### **Post Salary Continuation Period**

The Post Salary Continuation Period (PSCP) generally begins one year after the date of the injury. During this period, an employee receives TD benefits from the TPA and can elect to supplement their TD benefits by using earned leave time to receive up to 100% of their regular salary.

We reviewed a sample of 15 PSCP cases to determine if TD payments stopped when the employees returned to work, and if Payroll staff accurately calculated supplemental earnings. We noted the following:

- Seven of 15 employees (47%) continued to receive TD payments after they returned to work or after being classified permanently disabled, resulting in overpayments

totaling \$13,785. Most of these overpayments occurred because DPSS did not immediately inform the TPA that the employee had returned to work.

- For eight of 15 employees (53%), Payroll did not compute the employees' supplemental earnings properly, resulting in over and underpayments of \$6,000 and \$1,983, respectively. Some of these over/underpayments occurred because Payroll did not recalculate the supplemental earnings when the employee's salary rate or the TD rate changed.
- For three of 15 employees (20%), the Department did not continue to supplement the employee's TD benefits with available leave time as the employee had elected, resulting in underpayments totaling \$162.

Departments are supposed to notify employees one month before the PSCP that they can use accumulated leave time to supplement their TD benefits. However, DPSS sent notices to 14 of the 15 employees we reviewed an average of five months late, and two of the notices did not have a space for the employee to indicate the date to begin supplementing TD benefits. For these two employees, Payroll decided when to start the supplementing. The Department was unable to provide documentation that a notice was sent to the fifteenth employee.

We also noted the following errors the TPA made in paying TD benefits to employees:

- One employee continued to receive TD payments after reaching the two-year limit, resulting in an overpayment of \$19,131.
- Four employees received overlapping payments from the County and the TPA for at least one day, resulting in overpayments totaling \$343.
- Two employees were paid at a different rate or for a different period from the rate/period indicated on the NOB, resulting in over and underpayments of \$786 and \$2,015, respectively.
- One employee should have received TD payments during the PSCP, but did not, resulting in an underpayment of \$4,616. At the end of the salary continuation period, the TPA is supposed to send an NOB to the Department indicating whether TD benefits will continue into the PSCP. In this case, the TPA did not send an NOB. DPSS supplemented the employee's pay under the assumption that TD benefits would continue, as is appropriate until an NOB is received. However, although the Department made initial attempts to follow up with the TPA, they did not continue to follow up until the issue was resolved. The County Department of Human Resources' (DHR) Interpretive Manual states departments should maintain contact with the TPA to ensure the employee continues to be eligible for TD.

In 2004, departments began receiving a report of all employees receiving PSCP TD payments. DPSS does not have procedures in place to review this report. Many of the errors in this report might have been avoided or detected if DPSS staff had reviewed the TD payment reports. The Department should ensure staff review the report to identify overlaps in TPA and TD payments, ensure the TPA discontinues payment when employees return to work, become permanently disabled or reach the maximum benefit period, and ensure that TPA payments agree with the dates and benefit rates per the NOB.

We noted that DPSS and the TPA have already taken steps to correct many of the under/overpayments identified in our review.

### **Recommendations**

#### **DPSS management:**

- 3. Develop and implement procedures requiring supervisors to immediately notify the Health and Safety unit, and Health and Safety to immediately notify Payroll and the Third Party Administrator when employees return to work after an industrial accident leave.**
- 4. Ensure staff calculate supplemental payments correctly for employees receiving temporary disability payments.**
- 5. Ensure employees are notified at least one month before the end of the salary continuation period that they can use accumulated leave time to supplement their temporary disability benefits during the Post Salary continuation Period and that the notice includes a space for the employee to indicate an effective date.**
- 6. Develop and implement procedures to review the temporary disability payments report to:**
  - a. Identify overlaps in Third Party Administrator and payroll temporary disability payments.**
  - b. Ensure the Third Party Administrator discontinues payment when employees return to work or reach the maximum benefit period.**
  - c. Ensure that Third Party Administrator payments agree with the dates and benefits on the Notices of Benefits.**
- 7. Develop and implement procedures to follow up with the Third Party Administrator when amounts paid to employees do not agree with the**

**Notices of Benefits, or when the employee stops receiving temporary disability benefits with no notice from the Third Party Administrator.**

**Leave Accounting**

**Long-term Leave**

Employees who are out sick can use full or part-pay sick leave to get paid for their absence. Part-pay sick leave cannot be used until employees have been absent for five consecutive days and have used all their full-pay sick leave. When an employee's continuous sick leave extends into the following calendar year, the employee can only use full or part-pay sick leave that they had when their absence began. Once an employee begins using part-pay sick leave, the employee cannot use full-pay leave (e.g., vacation, holiday, full-pay sick leave, etc.), unless specifically authorized by the Department Head or designee. Employees do not accrue holiday time while on part-pay sick leave.

We reviewed CWTAPPS data for 30 employees on extended sick leave and noted the following:

- Four employees used part-pay sick leave before using all of their full-pay sick leave. This resulted in underpayments of \$401 and incorrect benefit balances.
- Two employees received part-pay sick leave before meeting the five-day waiting period. This resulted in incorrect payments to the employees and incorrect sick leave balances.
- Three employees continued to receive bilingual bonuses after being absent for more than 60 consecutive days, resulting in total overpayments of \$300. DHR's Interpretive Manual states that employees who are absent more than 60 consecutive days should not receive bilingual bonuses.
- Two employees used newly accrued leave benefits to which they were not entitled because they had not returned to work. This resulted in overpayments of \$392 and incorrect leave balances.
- One employee's time was incorrectly coded with unpaid leave, instead of part-pay sick leave, resulting in an underpayment of \$346. This same employee was not appropriately coded with unpaid leave on a weekend, resulting in an overpayment of \$272.
- Three employees were incorrectly coded on holidays while they were on sick leave, resulting in incorrect leave balances.

DPSS policy requires employees to get written office head approval to interrupt unpaid leave with paid leave. Office heads must document the reason for approving the paid leave and the leave must not be adjacent to a weekend.

- In four instances, an employee interrupted unpaid leave with paid leave without office head approval. In addition, in three of these four instances, the employee's paid leave was adjacent to a weekend. This resulted in overpayments totaling approximately \$1,819 and incorrect leave balances.
- For three employees, office heads did not appropriately document the reason for approving the use of paid leave after a period of unpaid leave.

### **Recommendations**

#### **DPSS management:**

8. **Train payroll/timekeeping staff and monitor to ensure correct leave codes are used when employees are on extended sick leave.**
9. **Ensure employees meet the five-day waiting period before using part-pay sick leave.**
10. **Ensure bilingual bonuses are suspended when an employee is absent for more than 60 consecutive calendar days.**
11. **Monitor to ensure proper approvals are obtained and documented before employees use full-pay leave when the employees are on part-pay or absent-without-pay status, and that full-pay leave is not used adjacent to a weekend.**

### **Overtime**

DPSS guidelines require all overtime to be pre-approved by the Department Head or designee. DPSS supervisors use a "Request for Time Off or Overtime" form to approve overtime. The Department's budgeted overtime for fiscal year 2007-08 was \$10 million, and actual overtime was approximately \$7.8 million.

### **Overtime Controls**

We reviewed 30 employees from ten pay locations who earned an average of \$6,857 in overtime during 2006 and noted the following:

- **"Use it or lose it" attitude toward overtime** - Based on interviews at various pay locations, there is a perception that future overtime allocations will be reduced if the current allocations for that pay location are not used. Therefore, some pay locations



try to use all allocated overtime. This could result in employees working unnecessary overtime.

- **Reporting overtime on different days than actually worked** - A supervisor who approves time cards at one pay location told us employees sometimes report overtime in a different pay period than actually worked to avoid exceeding departmental overtime limits.
- **Overtime approval levels do not always comply with DPSS policy** - DPSS policy requires supervisory and management approvals for overtime. However, at one pay location, we noted the employees' direct supervisor provided both levels of approval on the overtime authorization forms when the manager was not available.
- **Overtime logs not used properly** - Most pay locations use overtime logs to verify employees actually worked reported overtime. However, some pay locations do not use logs, logs were not always properly secured and the supervisor at one pay location frequently signed out on behalf of the employees.
- **Reason for overtime not documented on overtime request form** - DPSS policy states that overtime must be justified by emergent conditions or other extenuating circumstances. We noted the overtime forms include a space to document the reason for the overtime, but no reason was recorded on 265 of 506 (52%) overtime approval forms reviewed.

### **Recommendations**

#### **DPSS management:**

12. **Ensure employees work overtime only if necessary to meet business needs.**
13. **Monitor to ensure overtime is reported on days it is actually worked.**
14. **Require managers to properly approve overtime in accordance with DPSS policy.**
15. **Ensure overtime logs are used properly, and discontinue allowing supervisors to log in/out for staff.**
16. **Ensure overtime authorization forms include the reason for the overtime.**

**Overtime Approval**

County and DPSS policy require that non-emergency overtime be approved in advance. We reviewed the overtime request forms for 30 DPSS employees and noted that the forms did not indicate when the overtime was approved. Therefore, we were unable to determine if the overtime was approved in advance. In addition, pay location staff stated that non-emergency overtime is not always approved before it is worked.

DPSS management should modify the Request for Overtime form to include an approval date and monitor for compliance.

**Recommendations****DPSS management:**

- 17. Modify the Request for Time Off or Overtime form to include the approval date.**
- 18. Ensure all non-emergency overtime is approved before it is worked.**

**Bonuses**

Employees can receive bonuses for special job skills (e.g., bilingual bonus, out-of-class assignments, etc.).

**Timeliness of Payments**

To ensure employees are paid properly, departments must enter bonus information into CWTAPPS within the Auditor-Controller deadlines each pay period. We noted that 34 of 60 bonuses (57%) were entered an average of 37 days late due to delays at DPSS Human Resources Division and the outlying pay locations, resulting in untimely payments.

**Recommendation**

- 19. DPSS management ensure bonus transactions are entered into CWTAPPS by the Auditor-Controller deadline.**

**Out-of-Class Bonus Rate**

DHR's Interpretive Manual states that out-of-class bonuses should be the lesser of two standard salary schedules (5.5%) or the difference between the employee's current salary and the out-of-class position salary at the same step. However, DPSS pays all out-of-class bonuses at 5.5%. Three of the 16 employees in our sample (19%) received out-of-class bonuses of 5.5%, even though the difference between the employee's

current salary and the out-of-class position was less than 5.5%, resulting in overpayments totaling \$10,026.

### **Recommendation**

- 20. DPSS management ensure out-of-class bonuses are paid at the lesser of two standard salary schedules or the difference between the current salary and the out-of-class position salary at the same step.**

### **Annual Review**

County Fiscal Manual Section 3.1.7 requires personnel units to review work assignments, personnel files and eligibility documents annually to ensure employees still qualify for their bonuses. DPSS does not annually review bilingual bonuses or "Additional Responsibilities" bonuses but does review out-of-class bonuses.

Instead of annually reviewing bilingual bonuses, DPSS limits bilingual bonuses at each pay location based on bilingual caseloads. However, the lack of a formal annual review could result in employees receiving bilingual bonuses when they do not actually use their bilingual skills or perform the duties of a higher level position. Our sample of 30 bonuses included two Additional Responsibilities bonuses. We noted one of the two employees continued receiving the bonus for two months after the employee stopped performing the additional duties, resulting in a \$425 overpayment.

DPSS Human Resources Division (HRD) requires office heads to review out-of-class bonuses annually. However, we noted the following:

- Reviewers did not respond to HRD whether bonuses were still applicable for 61 of 201 employees (30%) at the 20 pay locations we reviewed. We reviewed ten of the 61 bonuses and noted none of them were cancelled.
- HRD did not provide detailed guidelines for performing and documenting the review. As a result, reviewers did not always sign or date their responses, and did not always indicate whether the employee was still performing the functions of the out-of-class position.
- One bonus, which the reviewer indicated should be stopped, was not stopped until 56 days after the review date, resulting in an overpayment of \$303.

### **Recommendations**

#### **DPSS management:**

- 21. Review employee bonuses annually to ensure eligibility.**

**22. Provide detailed instructions on how bonuses should be reviewed and documented.**

**23. Ensure bonuses are stopped timely when employees no longer qualify.**

### **Bonus Eligibility and Approval**

CFM Section 3.1.10 requires departments to keep documentation of employee bonus eligibility in the employee's personnel file. We reviewed a sample of employees receiving bonuses and noted the following:

- Eight of 30 required forms (27%) justifying bilingual bonuses were not in the employees' personnel file.
- DPSS policy requires office heads to submit an additional form justifying the need for non-caseload driven bilingual bonuses. However, these forms were not in the personnel file for six of seven employees (86%) receiving this bonus.
- One of 30 employee personnel files did not have the required language proficiency certificate.

DPSS was unable to locate one employee file, so we were unable to confirm the employee's eligibility for the bilingual bonus.

### **Recommendation**

**24. DPSS management ensure office heads and the Human Resources Division complete and retain documentation of employee bonus eligibility.**

### **Out-of-Class Bonus Assignments**

Out-of class bonuses are used to compensate employees who are assigned the duties of a higher position. DHR policy requires departments to select an employee from the higher class position's eligible list whenever possible, and avoid keeping employees in out-of-class assignments for a "prolonged period of time."

According to DHR, out-of-class bonuses should normally not exceed one year. However, nine of 16 employees receiving out-of-class bonuses in our sample had been receiving the bonus for an average of 2.6 years. In addition, 49 of 277 total DPSS employees receiving out-of-class bonuses (18%) had been receiving the bonus for at least two years at the time of our review, including seven who had been receiving the bonus for more than five years. DPSS staff stated that some employees received an out-of-class bonus for a long period of time because no exams were run for the higher item.

DPSS staff told us the Department discontinues out-of-class bonuses when a new eligible list is issued for the out-of-class item. However, five of 16 employees in our sample (31%) continued to receive out-of-class bonuses for an average of 350 days after an eligible list for the higher item was issued. One of these five employees was eventually promoted to the higher class position nine months after the employee was on the eligible list.

### **Recommendations**

#### **DPSS management:**

- 25. Avoid keeping employees in out-of-class assignments for a prolonged period of time.**
- 26. Work with DHR to ensure exams for the out-of-class positions are run when needed.**

### **Time and Attendance**

#### **Time Card Submission Controls**

CFM Section 3.1.6 requires employees to complete and sign their time cards. Supervisors must also certify the accuracy of employees' time. After approving time cards, supervisors should forward them directly to timekeepers.

Although DPSS employees complete time cards, DPSS uses Daily Absence Reports (DAR) to enter employee variances (e.g., overtime, sick leave, etc.) into CWTAPPS. DARs are subject to the same requirements as time cards (e.g., they should be approved by the employee's supervisor).

We noted that, although the Department has specific time card procedures, the Department does not have specific DAR procedures. As a result, we noted the following internal control deficiencies at various pay locations:

- **Supervisors do not always approve the DARs** - Some DARs are prepared and signed by secretaries. Other DARs are pre-signed by the supervisors or signed without being reviewed.
- **DPSS does not require supervisor back-ups to be at the same level as the supervisor or higher** - An employee who reports to a supervisor is sometimes designated as the supervisor's back-up and signs DARs. As a result, the employee approves his/her own time, including overtime. In addition, the employee has access to his/her own approved overtime authorization forms, which are attached to DARs.

- **The supervisor and/or employee did not initial time card changes, and in some cases white-out was used to change time cards** - Employees and supervisors should initial any changes to time cards to certify the accuracy of the changes.
- **There is a lack of physical security over approved time cards and DARs** - For example, at seven of ten pay locations reviewed, approved time cards and DARs were left in an accessible area at the timekeeper's workstation. Therefore, employees have access to their own approved time cards. In addition, most timekeepers have access to their own time cards.

It should be noted that DPSS' current manual time card system will start transferring to the eCAPS Time Collection System in approximately April 2009. The new system should address some of the issues identified in this report by allowing employees/supervisors to submit/approve time cards online.

### **Recommendations**

#### **DPSS management:**

27. **Require supervisors to review and sign DARs and ensure employees never approve their own time.**
28. **Require supervisor back-ups to be at appropriate level, so employees do not approve their own DARs.**
29. **Require supervisors and employees to approve adjustments to approved time cards/DARs.**
30. **Require pay locations to secure approved time cards/DARs, and to ensure timekeepers do not have access to their own approved time cards.**

### **Master Time Cards**

Pay location timekeepers should not keep manual master time cards because CWTAPPS tracks employee leave benefit balances. However, timekeepers in four of ten DPSS pay locations we visited keep manual master time cards. Some timekeepers enter variances from the DARs to a manual master time card, then use the manual master time card to enter variances into CWTAPPS. Timekeepers also reconcile actual time cards to the manual master time card, rather than to CWTAPPS. Maintaining manual master time cards in addition to the CWTAPPS master time card is a duplication of effort and could lead to errors.

To improve the efficiency of the Department's payroll operations, DPSS should require staff to stop keeping manual master time cards.

**Recommendation**

- 31. DPSS management require staff to stop keeping manual master time cards.**

**Payroll Distribution**

DPSS' payroll distribution controls do not comply with the County Fiscal Manual in the following areas:

- Someone independent of Payroll/Personnel does not investigate unclaimed warrants and notices of direct deposit. Payroll staff conducts the investigations.
- Some pay locations could not provide documentation that they conducted annual payoffs.
- HRD notified pay locations of payoffs one month in advance. Payoffs should be unannounced.
- Staff with payroll responsibilities sometimes assists in distributing payroll warrants, such as during payoffs.

**Recommendations****DPSS management:**

- 32. Ensure unclaimed warrants and notices of direct deposit are returned and investigated by someone independent of payroll/personnel.**
- 33. Require unannounced payoffs at all pay locations at least annually, and ensure that only staff with no other payroll responsibilities are involved in the payoff.**

**Supplemental Warrants**

A supplemental payroll warrant is issued to correct an error in an employee's pay. CFM Section 3.2.3 states that supplemental warrants must be approved in writing by the payroll supervisor before entering the request on CWTAPPS, and that an employee independent of payroll/personnel functions should verify written approval for each supplemental warrant on the Countywide Pay (CWPAY) Report of Supplemental Payroll Warrants Issued. DPSS does not always comply with these requirements. For example, we noted:

- Two of 30 supplemental warrants were not approved in writing by the payroll supervisor.

- Three of 30 supplemental warrants were not verified by a person independent of payroll/personnel functions.

### **Recommendations**

#### **DPSS management:**

34. **Require all supplemental warrants be approved in writing by the payroll supervisor before entering the request into CWTAPPS.**
35. **Ensure that staff independent of personnel/payroll functions verifies written approval for each supplemental warrant on the CWPAY Report of Supplemental Payroll Warrants Issued.**

### **Data Access**

#### **Security Policy**

CFM Section 8.6.3 requires all employees with access to County computer data to sign an acknowledgement that they have read and understand the Department's security policy. Eighteen of 30 (60%) personnel files we reviewed did not contain signed acknowledgements, and DPSS could not locate one personnel file.

#### **Recommendation**

36. **DPSS management ensure that all employees with access to County computer data sign the data security policy.**

#### **Profiles**

Profiles determine which CWTAPPS screens a user can access and the specific actions (e.g., inquire, add, update, delete, etc.) they can process. CFM Section 3.1.5 requires departments to restrict profiles to the scope of the employee's job. Departments are also required to review a monthly report of all Department employees with CWTAPPS access, including the last date the employee logged onto the system for employees who have not logged on in the past 90 days. Departments should change or delete access for individuals where appropriate. However, we noted:

- Three of 30 employees reviewed have access to view and perform payroll or personnel functions that are outside the scope of their responsibilities.
- Fifty-four of 394 employees (14%) on the CWTAPPS report have either never logged onto the system, or have not logged on for periods from one to up to five years.



- Supervisors for 11 of 20 employees reviewed who had not logged on to CWTAPPS for one year or more indicated that the employee no longer needed CWTAPPS access.

We provided a list of the individuals identified above to the Department so they could begin adjusting CWTAPPS access as needed.

**Recommendation**

- 37. DPSS management periodically review employees' CWTAPPS access, restrict access based on the employee job duties, and remove employees who no longer need access.**

**Processing Centers**

CFM Section 3.1.5 states that processing centers should be used so that Payroll and Personnel staff do not have access to their own payroll/personnel information. DPSS can group employees into CWTAPPS processing centers (e.g., by pay location, division, etc.) to ensure Payroll and Personnel employees do not have access to their own payroll or personnel information.

We noted that DPSS had only one processing center for the Department. As a result, 207 of 307 users (67%) could change their own payroll/personnel information. DPSS indicated they have already established additional processing centers and will monitor payroll/personnel staff who still have access to their own information.

**Recommendation**

- 38. DPSS management use processing centers so that staff do not have access to their own payroll/personnel information on CWTAPPS.**

**Record Security**

CFM Sections 3.1.3 and 3.1.9 require departments to have adequate security over payroll and personnel records and restrict access to authorized personnel.

We noted that DPSS stores payroll records in file cabinets and storage areas that are unlocked during the work day and are accessible to Personnel or other non-Payroll staff.

**Recommendation**

- 39. DPSS management ensure staff keeps adequate security over payroll files to prevent access by unauthorized individuals.**

### **Employee Terminations**

When an employee terminates County employment, personnel staff enter the required information into CWTAPPS. With certain exceptions (e.g., Megaflex elective leave, etc.), CWTAPPS calculates the terminated employee's final paycheck. It is important that departments enter terminations into the system before the Auditor-Controller's deadlines. Terminations entered after the deadline must be processed manually and may result in incorrect final payments.

### **Timeliness of Terminations**

Five of 40 (12%) terminations we tested were not processed within the Auditor-Controller's deadline. These terminations were entered into CWTAPPS an average of 18 days after the deadline, primarily because of delayed notification to HRD, resulting in overpayments totaling \$4,971. Of this, \$4,317 was due to untimely notification from the district office that an employee had died. We also noted that DPSS was unable to locate the personnel file for one of the five employees.

### **Recommendation**

- 40. DPSS management monitor to ensure terminations are processed timely.**

### **Verification of Terminations on CWTAPPS**

CFM Section 3.1.7 indicates that personnel management (or someone independent of entering terminations on CWTAPPS) should keep a list of terminated employees and trace terminated employees' names to the Payroll Sequence Register for at least three consecutive months to ensure that out-of-service employees are not receiving payroll warrants or direct deposits. DPSS is performing this review. However, the person who prepares the list of terminated employees also processes terminations on CWTAPPS.

### **Recommendation**

- 41. DPSS management ensure someone with no payroll/personnel responsibilities prepares the list used to trace terminated employees' names to the Payroll Sequence Register.**

### **CWTAPPS Reports**

CWTAPPS automatically generates reports to assist managers in monitoring payroll/personnel operations. Payroll staff are required to investigate exceptions on the reports each pay period and immediately process any necessary adjustments. Payroll staff should annotate any exceptions on the reports to document the disposition and sign and date the reports. The payroll supervisor should also review the reports each

pay period to ensure that adjustments are made promptly and correctly, and sign and date the reports. In addition, management is required to review Overtime Activity Reports to ensure that reported overtime is accurate and appropriately approved.

Payroll staff/management at outlying pay locations do not always review CWTAPPS reports to identify transactions requiring investigation/corrective action, or do not adequately document the review. For example:

- Outlying pay locations could not provide 105 of 280 reports (38%) requested during our review.
- Of the 175 reports the outlying pay locations did provide, 13 did not contain any exceptions and therefore did not require review. Of the remaining 162 reports requiring review, 84 (52%) contained no indication they had been reviewed.
- For the 78 reports that contained some indication of review, 50 reports (64%) had inadequate annotations and 10 reports (13%) did not have a supervisor's signature.

It appears that part of the reason payroll staff and supervisors at outlying pay locations do not consistently review CWTAPPS reports is a lack of training. Payroll staff and/or supervisors at four of ten pay locations indicated that they do not understand how to review one or more reports. Since our review, DPSS Central Payroll indicated they have started to provide CWTAPPS reports training to payroll staff at outlying pay locations.

We also noted that payroll supervisors do not always perform timely reviews of CWTAPPS reports. In general, we were unable to determine the timeliness of reviews because the supervisor did not indicate the date reviewed. However, for eight of ten reports reviewed by Central Payroll, the payroll supervisor's review was dated an average of 130 days after the payroll staff's review.

### **Recommendations**

#### **DPSS management:**

- 42. Use CWTAPPS reports to monitor the Department's payroll operations, ensure the payroll supervisor reviews the reports timely, and maintain adequate documentation of the reviews.**
- 43. Provide training to payroll staff and supervisors at outlying pay locations regarding appropriate methods of reviewing and annotating CWTAPPS reports.**

**Overpayment Recovery**

CWPAY Manual Section 9.5.0 requires departments to notify employees in writing of overpayments. If the employee is still in service (or on extended leave without pay), overpayments are automatically recovered as a payroll deduction. If the employee has left County service and will not be getting any more paychecks, the overpayment must be recovered manually.

We reviewed 13 overpayments totaling \$5,295 and noted that DPSS sent overpayment letters to ten employees (77%). At the time of our review, the Department had collected six of the 13 overpayments, totaling \$3,197, primarily through payroll deductions or adjustments to employees' termination pay. Based on documents in DPSS' files, it appears eight of the ten overpayment letters were sent an average of 229 days after the overpayment occurred, which could make it more difficult to collect. To ensure employees are notified of potential deductions from future pay and that overpayments are collected, DPSS should send timely overpayment letters to employees.

**Recommendation**

- 44. DPSS management ensure Payroll Unit staff notify employees of overpayments timely and follow up to ensure overpayments are collected.**

**Record Keeping**

DPSS keeps documents supporting transactions such as hiring, promotions, terminations and bonuses in employee personnel files. However, DPSS was unable to locate three requested personnel files, as noted in the Bonuses, Terminations, and Data Access sections.

**Recommendation**

- 45. DPSS management ensure that staff maintains security over employee personnel files to ensure documents supporting personnel transactions are retained.**

County of Los Angeles

Attachment

**DEPARTMENT OF PUBLIC SOCIAL SERVICES**

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Board of Supervisors  
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Third District  
DON KNABE  
Fourth District  
MICHAEL D. ANTONOVICH  
Fifth District

December 11, 2008

**TO:** Wendy L. Watanabe  
Acting Auditor-Controller

**FROM:** Philip L. Browning, Director

**SUBJECT: DEPARTMENT OF PUBLIC SOCIAL SERVICES RESPONSE TO THE  
AUDITOR-CONTROLLER'S PAYROLL AND PERSONNEL REVIEW  
DRAFT REPORT OF RECOMMENDATIONS DATED SEPTEMBER 17, 2008**

This is to provide you with the Department of Public Social Services' (DPSS) revised response to the Auditor-Controller's draft report of recommendations in the DPSS Payroll and Personnel Review, released September 17, 2008.

Our departmental responses have been amended based on follow-up reviews between DPSS representatives and your staff. Based on these changes, our revised response reflects the Department's agreement with all forty-five recommendations in the draft report.

DPSS has actively pursued a corrective action plan to mitigate future deficiencies, and it is my understanding that the final report to the Board of Supervisors will reflect my Department's corrective actions. To date, of the forty-five recommendations, twenty-seven have been implemented; thirteen are targeted for implementation by December 31, 2008; and five by January 30, 2009. Attached is a revised summary of the recommendations and departmental actions completed or in progress.

If you have any questions, please let me know, or your staff may contact Sheri Lewis at (562) 908-5879.

PB:ic

Attachment

*"To Enrich Lives Through Effective And Caring Service"*

**AUDITOR CONTROLLER'S PAYROLL & PERSONNEL REVIEW  
IN THE DEPARTMENT OF PUBLIC SOCIAL SERVICES**

**RECOMMENDATIONS AND DPSS RESPONSES - REVISED**

**PAYROLL EXCEPTIONS**

**RECOMMENDATION 1:**

DPSS management correct the exceptions identified in this report by recovering overpayments, issuing supplemental warrants and adjusting employee leave benefit balances as necessary.

**RESPONSE: DPSS AGREES**

The DPSS Health & Safety Unit has coordinated with AIMS, the Third Party Administrator (TPA) and initiated recalculation of the benefits. Overpayment letters as well as supplemental warrants are scheduled to be sent, following verification of the reconciled numbers. The tasks are targeted to be completed by November 30, 2008.

**UPDATE:**

*Corrective action for this recommendation is partially implemented. DPSS completed the recalculations and made the necessary corrections in August 2008, with the exception of one employee. The Department continues to dialogue with AIMS regarding the status of the information requested. On receipt, HRD Central Payroll will review the calculations to assess and determine corrective action needed on the employee's benefits. All actions are targeted for completion by January 30, 2009.*

**INDUSTRIAL ACCIDENTS**

**RECOMMENDATION 2:**

DPSS management develop and implement procedures requiring staff to contact the TPA to resolve discrepancies with the Notices of Benefits and obtain a corrected notice, if necessary.

**RESPONSE: DPSS AGREES**

The DPSS Health & Safety, Return-to-Work (RTW) Coordinators are creating a Benefit Notice Checklist to ensure that all Notice of Benefits sent from AIMS Claims Examiners are correct before they are sent to Payroll. If a notice is incorrect, Health & Safety RTW Coordinators will contact the TPA to request a corrected Notice of Benefits before submitting it to Payroll. The checklist is expected to be ready for use by the second week of November 2008.

**UPDATE:**

*Corrective action for this recommendation is fully implemented. HRD, Health and Safety implemented use of the Benefit Notice Checklist on November 3, 2008.*

**POST SALARY CONTINUATION PERIOD**

**DPSS MANAGEMENT:**

**RECOMMENDATION 3:**

Develop and implement procedures requiring supervisors to immediately notify Health & Safety, and Health & Safety to immediately notify Payroll and the TPA, when employees return to work after an IA leave.

**RESPONSE: DPSS AGREES**

A Human Resources Memo is being prepared advising all RTW Coordinators in the various districts/offices of the notification procedures. This process was addressed at the quarterly training with all RTW Coordinators on October 15, 2008.

**UPDATE:**

*Corrective action for this recommendation is partially implemented. All actions are targeted for completion by January 30, 2009.*

**RECOMMENDATION 4:**

Ensure staff calculate supplemental payments correctly for employees receiving TD payments.

**RESPONSE: DPSS AGREES**

The Department's payroll will establish a control for tracking step increases and general salary movements for employees approved for Temporary Disability (TD), so that supplemental benefits can be recomputed based on the new salary by November 30, 2008.

**UPDATE:**

*Corrective action for this recommendation is fully implemented. The Department issued a memo to payroll staff on November 10, 2008, outlining instructions on how to handle TD payment reports.*

**RECOMMENDATION 5:**

Ensure employees are notified at least one month before the end of the salary continuation period, that they can use accumulated leave time to supplement their Temporary Disability (TD) benefits during the PSCP (Post Salary Continuation Period), and that the notice includes a space for the employee to indicate an effective date.

**RESPONSE: DPSS AGREES**

The DPSS Health & Safety Unit and TPA (AIMS) are collaborating to ensure that Notices of Benefits are sent to DPSS 45-days prior to the end of the salary continuation period. This should allow adequate time for the Notice of Benefits to be processed and sent to the employee with a 30 day advance notice. The Options Worksheet sent by Payroll will be revised to include a space for the effective date. The Department met with AIMS on October 28, 2008, and AIMS is assessing the feasibility of providing timely Notices of Benefits to DPSS. As this is a countywide issue, the matter has been elevated to the CEO and AIMS will submit a response to the CEO by November 30, 2008.

**UPDATE:**

*The Department's HRD, Health & Safety staff is continuing an open dialogue with the CEO and AIMS, as AIMS assesses their ability to comply with the 45-day advance notice. All actions are targeted for completion by January 30, 2009.*

**RECOMMENDATION 6:**

Develop and implement procedures for reviewing the TD payments report to identify overlaps in TPA and payroll TD payments, to ensure the TPA discontinues payment when employees return to work or reach the maximum benefit period, and ensure that TPA payments agree with the dates and benefits per Notices of Benefits.

**RESPONSE: DPSS AGREES**

The DPSS Health & Safety Unit and AIMS will develop a process for identifying overlaps in AIMS and Payroll TD payments. Health & Safety RTW Coordinators will be required to notify AIMS when they learn that an employee has returned to work. The Notice of Benefits checklist that is being developed by the Health & Safety Unit will ensure that the TPA payments are consistent with the dates and benefits on the Notice of Benefits. The checklist will be in use by November 2008.

**UPDATE:**

*Corrective action for this recommendation is fully implemented. HRD, Health and Safety implemented use of the Benefit Notice Checklist on November 3, 2008 to ensure that the TPA payments are consistent with the dates and benefits on the Notice of Benefits.*

**RECOMMENDATION 7:**

Develop and implement procedures to follow up with the TPA when amounts paid to employees do not agree with the Notices of Benefits, or when the employee stops receiving TD benefits with no notice from the TPA.

**RESPONSE: DPSS AGREES**

As in the response to Recommendation #2, the DPSS Health & Safety, Return-to-Work (RTW) Coordinators are creating a Benefit Notice Checklist to ensure that all Notice of Benefits received from AIMS Claims Examiners are correct before they are forwarded to HRD, Central Payroll. If a notice is incorrect, the Health & Safety RTW Coordinators will contact the TPA to request a corrected Notice of Benefits before submitting it to Central Payroll. The checklist is expected to be ready for use by the second week of November 2008.

**UPDATE:**

*Corrective action for this recommendation is fully implemented. HRD, Health and Safety implemented use of the Benefit Notice Checklist on November 3, 2008 to ensure that all Notice of Benefits received from AIMS Claims Examiners are correct before they are forwarded to HRD, Central Payroll.*

**LEAVE ACCOUNTING – LONG TERM LEAVE**

**DPSS MANAGEMENT:**

**RECOMMENDATION 8:**

Train payroll/timekeeping staff and monitor to ensure correct leave codes are used while employees are on extended sick leave.

**RECOMMENDATION 9:**

Ensures employees meet the five-day waiting period before using part-pay sick leave.

**RECOMMENDATION 10:**

Ensure bilingual bonuses are suspended when an employee is absent for more than 60 consecutive calendar days.

**RECOMMENDATION 11:**

Monitor to ensure proper approvals are obtained and documented before employees use full-pay leave when employees are on part-pay or absent-without-pay status, and that full-pay leave is not used adjacent to a weekend.



**RESPONSE TO #8-11: DPSS AGREES**

The Department agrees to conduct training on time usage and appropriate coding, which will include coding, observance of waiting periods, termination of bilingual bonus, changing from absent-without-pay status to full paid leave, and related coding, to address corrective action for recommendations eight through eleven. It is the responsibility of the Office Head to approve interruptions of part-pay or absent without pay status with full-pay leave. We will include this responsibility in the training materials for the training targeted to be conducted by January 31, 2009.

**UPDATE:**

*Corrective action for recommendations #8-11 is partially implemented. HRD, Central Payroll addressed the issues stated above in the CWTAPPS Exception Report training. To date, staff in all but one of the DPSS offices has been trained. Training for payroll staff in the single office is targeted for completion by December 16, 2008.*

**OVERTIME**

**DPSS MANAGEMENT:**

**RECOMMENDATION 12:**

Ensure overtime is used based on a business need, not on a perceived need to use all allocated overtime so that future overtime allocations will not be reduced.

**RECOMMENDATION 13:**

Monitor to ensure overtime is reported on days overtime is actually worked.

**RECOMMENDATION 14:**

Require managers to properly approve overtime in accordance with DPSS policy.

**RECOMMENDATION 15:**

Ensure overtime logs are used properly, and discontinue allowing supervisors to log in/out for staff.

**RECOMMENDATION 16:**

Include reason overtime needs to be worked on overtime authorization forms.

**RESPONSE TO #12-16: DPSS AGREES**

*Corrective action for recommendations #12-16 is in progress. The Department will conduct a review of current overtime policies, procedures and practices, and take appropriate corrective action as described in the above noted recommendations by December 31, 2008.*

**OVERTIME APPROVAL**

**DPSS MANAGEMENT:**

**RECOMMENDATION 17:**

Modify the Request for Time Off or Overtime form to include the approval date.

**RECOMMENDATION 18:**

Require non-emergency overtime to be approved before it is worked.

**RESPONSE TO #17 & 18: DPSS AGREES**

The department agrees to modify the Request for Time Off of Overtime Form (PA 158) as recommended by December 31, 2008. Current policy requires prior approval on all non-emergency overtime; however, we will ensure that this policy is reinforced by December 31, 2008.

**UPDATE: #17**

*Corrective action for this recommendation is in progress. The Department will modify the Request for Time Off or Overtime form by December 31, 2008.*

**UPDATE: #18**

*Corrective action for this recommendation is fully implemented. The Department completed corrective action with the release of Human Resources Memo (HRM) 08-173, Employee Attendance Reporting, issued September 30, 2008. The HRM reinforces the prior approval requirement for any overtime before it is worked.*

**BONUSES – TIMELINESS OF PAYMENT**

**RECOMMENDATION 19:**

DPSS management establish procedures and monitor to ensure bonus transactions are entered into CWTAPPS by the Auditor-Controller deadline.

**RESPONSE: DPSS AGREES**

Corrective action for this recommendation is fully implemented. The Department completed corrective action with the release of the following Human Resources Memos: HRM 08-121, Out-of-Class Bonus – Timely Requests and Terminations, issued June 26, 2008 and HRM 08-156, Out-of-Class Bonus – Policy Reinforcement, issued August 28, 2008. The HRM's reinforce the policy and critical nature of the timely submission of termination requests for Out-of-Class Bonuses.

**BONUS - OUT-OF-CLASS BONUS RATE**

**RECOMMENDATION 20:**

DPSS management ensure Out-of-Class Bonuses are paid at the lesser of two standard salary schedules or the difference between the current salary and the out-of-class position salary at the same step.

**RESPONSE: DPSS AGREES**

Corrective action for this recommendation is fully implemented. The Department completed corrective action by reiterating procedural instructions to HRD staff. On receipt of the Auditor-Controller's preliminary findings on May 12, 2008, the Department's Central Line Operations, Personnel Processing, began reviewing each Out-of-Class request to ensure that all bonuses are coded to reflect the lesser of two standard salary schedules (5.5%), or the difference between the employee's current salary and the out-of-class position at the same step.

**ANNUAL REVIEW**

**DPSS MANAGEMENT:**

**RECOMMENDATION 21:**

Ensure someone annually reviews the work assignments of all employees receiving bonuses to verify they continue to be eligible.

**RECOMMENDATION 22:**

Provide more detailed guidelines to ensure reviewers adequately document the annual review of bonus eligibility.

**RECOMMENDATION 23:**

Ensure bonuses are stopped timely when employees no longer qualify for the bonus.

**RESPONSE TO #21-23: DPSS AGREES**

Corrective action for recommendations #21–23 is fully implemented. The Department completed corrective action with the release of the following Human Resources Memos: HRM 08-36, Out of Class Validation, issued February 21, 2008, addressed reviews of every Out-of-Class Bonus and requests that Office Heads annotate the appropriate listing to indicate continued eligibility; HRM 08-121, Out-of-Class Bonus – Timely Requests and Terminations, issued June 26, 2008, addressed bonus termination; and HRM 08-156, Out-of-Class Bonus – Policy Reinforcement, issued August 28, 2008, reinforced the policy and critical nature of the timely submission of termination requests for Out-of-Class Bonuses. The next review, scheduled for February 2009, will require more detailed justification for continuing the bonus and will require documentation from the reviewer to support the approval of the request.

**BONUS ELIGIBILITY AND APPROVAL**

**RECOMMENDATION 24:**

DPSS management ensure office heads and the Human Resources Division complete and retains documentation of employee bonus eligibility.

**RESPONSE: DPSS AGREES**

DPSS is taking the following corrective action: the Department's Central Line Operations, Personnel Processing Section, is preparing to conduct a 100% review of employees receiving the Bilingual Bonus, in November 2008. We plan to request any necessary forms needed to continue the Bilingual Bonus during the extensive review.

**UPDATE:**

*Corrective action for this recommendation is fully implemented. The Department completed corrective action with the release of HRM 08-188, Bilingual Bonus Review Validation, issued October 21, 2008. The HRM required Office Heads to review, reconcile and annotate the Bilingual Bonus list for their location, indicating employees who meet, or no longer meet the Bilingual Bonus eligible criteria. The HRM also instructed Office Heads to monitor and immediately terminate Bilingual Bonuses when employees no longer utilize their bilingual skills on a frequent and continuous basis, or have been out on a leave of absence exceeding 60 days. The review was completed by November 21, 2008.*

**OUT-OF-CLASS BONUS ASSIGNMENTS**

**DPSS MANAGEMENT:**

**RECOMMENDATION 25:**

Avoid keeping employees in out-of-class assignments for a prolonged period of time.

**RESPONSE: DPSS AGREES**

Corrective action for this recommendation was fully implemented with the release of the following Human Resources Memos: HRM 08-121, Out-of-Class Bonus – Timely Requests and Terminations, issued June 26, 2008 and HRM 08-156, Out-of-Class Bonus – Policy Reinforcement, issued August 28, 2008. The HRM's reinforce the policy and critical nature of the timely submission of termination requests for Out-of-Class Bonuses. Corrective action was completed August 28, 2008.

**RECOMMENDATION 26:**

Work with DHR to ensure exams for the out-of-class positions are run when needed.

**RESPONSE: DPSS AGREES**

The Department agrees to work with the Department of Human Resources (DHR) to ensure that exams for the out-of-class positions are run when needed. This will be an on-going activity, effective by October 31, 2008.

**UPDATE:**

*Corrective action for this recommendation was fully implemented effective October 31, 2008, when DPSS and DHR engaged in a collaborative agreement to ensure exams for the out-of-class positions are run when needed.*

**TIME AND ATTENDANCE; TIME CARD SUBMISSION CONTROLS**

**DPSS MANAGEMENT:**

**RECOMMENDATION 27:**

Require supervisors to review and sign Daily Absent Reports (DARs) and ensure employees never approve their own time.

**RECOMMENDATION 28:**

Develop a policy requiring supervisor back-ups to be at an appropriate supervisory level, so employees do not approve their own DAR.

**RECOMMENDATION 29:**

Require supervisors and employees to approve adjustments to approved time cards/DARs.

**RECOMMENDATION 30:**

Require pay locations to maintain appropriate security over approved time cards/DARs, and to ensure timekeepers do not have access to their own approved time cards.

**RESPONSE TO #27-30: DPSS AGREES**

Corrective action for recommendations #27-30 was fully implemented with the release of HRM 08-173, Employee Attendance Reporting, issued September 30, 2008. The HRM addresses procedures for employee reporting and supervisory approval of attendance on the DARs and timesheets, and applying appropriate security controls.

## **MASTER TIME CARDS**

### **RECOMMENDATION 31:**

DPSS management requires pay location timekeepers to discontinue maintaining manual master time cards.

#### **RESPONSE: DPSS AGREES**

The Department will issue a Human Resources Memo by November 30, 2008 instructing timekeepers to discontinue maintaining manual master time cards.

#### **UPDATE:**

*Corrective action for this recommendation is fully implemented. The Department completed corrective action with the release of Human Resources Memo (HRM) 08-212, issued December 8, 2008. The HRM reinforces timekeeping instructions which state that Departments **should not** maintain master timecards for employees.*

## **PAYROLL DISTRIBUTION**

### **DPSS MANAGEMENT:**

#### **RECOMMENDATION 32:**

Ensure unclaimed warrants and notices of direct deposit are returned and investigated by someone independent of Payroll/Personnel.

#### **RESPONSE:**

The Department will issue a reminder regarding proper handling of unclaimed warrants and direct deposit notices by November 30, 2008.

#### **UPDATE:**

*Corrective action for this recommendation is in progress. HRD has retargeted the release of the HRM from November 30, 2008 to December 31, 2008.*

#### **RECOMMENDATION 33:**

DPSS management requires unannounced pay-offs at all pay locations at least annually, and ensure that only staff with no other payroll responsibilities is involved in the pay-off.

#### **RESPONSE 33: DPSS DISAGREES**

The Department disagrees with this recommendation, and believes that the recommendation should be removed from the report. The report states that the department announced a distribution pay off one-month in advance, although regulations indicate that pay-offs should be unannounced. The distribution pay-off in question occurred on May 15, 2006. The notice to Assistant Directors announcing the pay-off and the notice to office heads were inadvertently dated April 11, 2006; however, the notice to Office Heads was not released prior to the distribution pay-off. In accordance with our procedures, the memo to Office Heads was placed in the payroll bags and distributed with the May 15, 2006 payroll warrants and direct deposit notices.

**UPDATE: DPSS AGREES WITH THE RECOMMENDATION**

*DPSS concurs that two offices conducted their pay-offs one month prior to the scheduled date. Corrective action procedures have been implemented to ensure that future distribution pay-off memos to Office Heads are released on the same day of the pay-off, but not prior. In addition, DPSS will require all of the offices to report the completion of their pay-off to the Human Resources Division. Corrective action was completed November 30, 2008.*

**SUPPLEMENTAL WARRANTS**

**DPSS MANAGEMENT:**

**RECOMMENDATION 34:**

Require all supplemental warrants be approved in writing by the payroll supervisor prior to entering the request into CWTAPPS.

**RECOMMENDATION 35:**

Ensure that staff independent of personnel/payroll functions verifies written approval for each supplemental warrant on the CWPAY Report of Supplemental Payroll Warrants Issued.

**RESPONSE TO #34 & 35: DPSS AGREES**

The review of supplemental warrants issued is being handled by the Senior Departmental Personnel Assistant (DPA) in the Department's HRD Operations Support Unit. This employee's responsibilities are independent of personnel/payroll functions. The review will include verification of all required signatures. This will be implemented by October 31, 2008.

**UPDATE:**

*Corrective action for recommendations #34 & 35 was fully implemented on September 24, 2008. The Sr. DPA in HRD's Operations Support Unit, with responsibilities that are independent of personnel/payroll functions, is now reviewing the supplemental warrants issued and requests. In addition, instruction were reiterated that all supplemental warrants must be approved in writing by the payroll supervisor prior to entering the request into CWTAPPS.*

**DATA ACCESS – SECURITY POLICY**

**RECOMMENDATION 36:**

DPSS management ensure that all employees with access to County computer data sign the data security policy.

**RESPONSE: DPSS AGREES**

The report states that 18 out of 30 employees reviewed did not have signed acknowledgements of the County's security policy. The acknowledgements are signed as part of the registration for CWTAPPS access, and are included as part of our regular written CWTAPPS procedures. We located 4 of 18 signed acknowledgement forms. Our procedures for processing CWTAPPS requests for access include signing the County's security policy; therefore, copies of the original will be requested from the Offices by November 30, 2008.

The report states that 18 out of 30 employees reviewed did not have signed acknowledgements of the County's security policy. The acknowledgements are signed as part of the registration for CWTAPPS access, and are included as part of our regular written CWTAPPS procedures. We located 4 of 18 signed acknowledgement forms.

**UPDATE:**

*Corrective action for this recommendation is in progress. In compliance with Departmental procedures for processing CWTAPPS, which specify that requests for access include signing the County's security policy, HRD requested copies of original documents signed by employees. The documents will be filed/maintained in the employees' Central Personnel folder upon receipt. All actions are targeted for completion by January 30, 2009.*

**PROFILES**

**RECOMMENDATION 37:**

DPSS management periodically review employees' CWTAPPS access; restrict access based on the employee's job duties, and remove employees who no longer need access.

**RESPONSE: DPSS AGREES**

The Department conducts bi-annual reviews of employees with CWTAPPS access. As part of the existing review process, the department will strictly enforce termination of CWTAPPS access for employees who have not logged in during the past 90 days. The first review of CWTAPPS access will be completed by November 30, 2008.

**UPDATE:**

*Corrective action for this recommendation was fully implemented with the release of HRM 08-193, CWTAPPS Security – Users Identification, issued October 28, 2008. The HRM requires Office Heads to review and annotate the CWTAPPS users list for their location. It also informs Office Heads that users who have not logged on to CWTAPPS in excess of 90 days will be removed if not annotated on the list. The review was completed by November 14, 2008.*

**PROCESSING CENTERS**

**RECOMMENDATION 38:**

DPSS management use processing centers so that staff does not have access to their own payroll/personnel information on CWTAPPS. Until separate processing centers are established, DPSS should monitor to ensure employees do not change their own payroll or personnel information in CWTAPPS.

**RESPONSE: DPSS AGREES**

DPSS has already initiated corrective action. The Department began implementing a three-phase approach to accomplish the processing centers on July 25, 2008. We have already established additional processing centers in eighteen pay locations and are beginning Phase II of the plan. Full implementation is targeted for January 31, 2009. We encountered difficulties in establishing multiple processing centers in Human Resources Division's pay location, B-1, because of a CWTAPPS system control that limits manual processing center access requests to 99 per employee. In HRD, personnel and payroll staff will require access to 125 processing centers. Therefore, we will rely exclusively on the Pay Period Activity CWTAPPS report and the Personnel Audit trail to monitor usage by HRD staff. This information was discussed with the Auditor-Controller on August 26, 2008; the final report should accurately reflect both the department's progress in establishing processing centers and the agreement for an alternative monitoring plan for the department's personnel and payroll staff.

**UPDATE:**

*Corrective action for this recommendation is in progress. Phase I of the project was completed and Phase II is 90% complete, and targeted for full implementation by January 30, 2009. Effective with the September 30, 2008 pay period, the Department also initiated a review of the Pay Period Activity report to monitor CWTAPPS usage by HRD staff.*

**RECORD SECURITY**

**RECOMMENDATION 39:**

DPSS management ensures that staff maintains adequate security over payroll files to prevent access by unauthorized individuals.

**RESPONSE: DPSS AGREES**

Corrective action for this recommendation is fully implemented. Steps were taken to ensure that payroll file cabinets outside of the Department's HRD payroll office are now locked, and the keys to these file cabinets are with the payroll supervisor to prevent unauthorized access. This action was completed October 1, 2008.

**EMPLOYEE TERMINATIONS – TIMELINESS OF TERMINATIONS**

**RECOMMENDATION 40:**

DPSS management monitor to ensure terminations are processed timely.

**RESPONSE: DPSS AGREES**

Corrective action for this recommendation was fully implemented with the release of HRM 08-89, Procedures for Processing PA 158, issued May 20, 2008. The HRM addresses the Office Head's responsibility for submitting notifications timely and reinforces policy and procedures for accurately completing and submitting PA 1518 when an employee leaves the department.

**VERIFICATION OF TERMINATIONS ON CWTAPPS**

**RECOMMENDATION 41:**

DPSS management ensure someone with no payroll/personnel responsibilities prepares the list used to trace terminated employees' names to the Payroll Sequence Register.

**RESPONSE: DPSS AGREES**

Corrective action for this recommendation was fully implemented effective November 30, 2008, when HRD reassigned the responsibility for preparing the list of terminated employees to an employee with no payroll/personnel responsibilities.

**CWTAPPS REPORTS**

**DPSS MANAGEMENT:**

**RECOMMENDATION 42:**

Use CWTAPPS reports to monitor the Department's payroll operations, ensure the Payroll Supervisor reviews the reports timely, and maintain adequate documentations of the reviews.



**RESPONSE: DPSS AGREES IN PART**

The Department concurs that CWTAPPS reports should be used to monitor the Department's payroll operations, and will reiterate instructions to Payroll Supervisors of the requirement to review the reports timely, and to maintain adequate documentation of the reviews. However, we disagree with the factual presentation in the text of the report. The Department requests clarification in the report narrative to distinguish between HRD Central Payroll and timekeeping staff in the Department's outlying offices. The tasks and responsibilities referenced in the recommendation applies to timekeeping staff in outlying offices.

**RECOMMENDATION 43:**

Provide training to Payroll staff and supervisors regarding appropriate methods of reviewing and annotating CWTAPPS reports.

**RESPONSE: DPSS AGREES IN PART**

The Department agrees that training for office payroll staff is needed and HRD Central Payroll staff initiated customized CWTAPPS report training for all pay locations in November 2007. To date, HRD Central Payroll has trained office payroll staff in 47 of 63 pay locations. Customized CWTAPPS report training for office payroll staff in the remaining 16 pay locations is targeted for completion by November 30, 2008. The Department requests clarification in the report narrative to distinguish between HRD Central Payroll and timekeeping staff in the Department's outlying offices. The responsibility for training referenced in the recommendation applies to HRD Central Payroll, which is in the process of completing training for all departmental timekeeping staff in outlying offices.

**UPDATE: DPSS AGREES WITH RECOMMENDATIONS 42 & 43**

*DPSS now concurs with the recommendations, based on the Auditor-Controller's annotated draft report to the Board of Supervisors, which now distinguishes between HRD Central Payroll and timekeeping staff at outlying offices.*

*Corrective action for these recommendations is in progress. To date, HRD Central Payroll has trained office payroll staff in all but one of the Department's 63 pay locations. Pending training for payroll staff in the single location is targeted for completion by December 31, 2008.*

**OVERPAYMENT RECOVERY**

**RECOMMENDATION 44:**

DPSS management ensures Payroll Unit staff notify employees of overpayments timely and follow up to ensure overpayments are collected.

**RESPONSE: DPSS AGREES**

We concur that overpayment notifications must be prepared and mailed in a timely manner, and we will implement corrective action in the form of enhanced controls by November 30, 2008.

However, we did note that in one instance, the Department was incorrectly cited for sending an overpayment letter 603 days after the overpayment occurred, when in fact the overpayment letter was sent just sixty days after the overpayment occurred. Because this employee was on a long-term leave of absence, collection proceedings were not initiated pending the employee's return to work, and a follow up letter was sent approximately 603 days after the original overpayment occurrence. It appears that the original overpayment letter dated August 2005 was overlooked.

**UPDATE:**

*Corrective action for this recommendation is fully implemented. The Department implemented revised procedures to ensure that payroll staff reviews the CWTAPPS error reports upon receipt from ISD. On completion, the reports are submitted to the supervisor for review and corrective action is applied, as needed. Effective November 12, 2008, all payroll clerks issue overpayment notices to employees with overpayments of 16 hours or less. This process expedites the notification and recovery of overpayments. Corrective action was completed November 30, 2008.*

**RECORD KEEPING**

**RECOMMENDATION 45:**

DPSS management ensure that staff maintains security over employee personnel files to ensure documents supporting personnel transactions are retained.

**RESPONSE: DPSS AGREES**

A memo is targeted for issuance by November 30, 2008 advising employees of the critical nature of maintaining security over employee personnel files and the requirement to return Personnel Folders to the assigned location when they are no longer needed.

**UPDATE:**

*Corrective action for this recommendation was fully implemented with the release of a memo to all Human Resources Division staff on November 26, 2008, reminding them to maintain security over employee personnel files and to return Personnel Folders to the assigned location when they are no longer needed.*